Message Text

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FOR SECRETARY VANCE AND SECRETARY BROWN

PLEASE PASS WHITE HOUSE

E.O. 11652: GDS TAGS: NATO, MPOL

SUBJECT: NATO INTEREST IN US DEFENSE BUDGET

- 1. PRESIDENT'S VETO OF DEFENSE AUTHORIZATION BILL KEYED TO INCLUSION OF NUCLEAR CARRIER HAS BEEN SEEN HERE AT BRUSSELS HEADQUARTERS AS PRO-NATO ACTION ON PART OF THE PRESIDENT. UPHOLDING OF PRESIDENT'S ACTION BY HOUSE OF REPRESENTATIVES VOTE WILL HAVE FAVORABLE EFFECT HERE AND WILL BE SEEN AS AFFIRMATION OF PRESIDENTIAL LEADERSHIP
- 2. IN NATO CIRCLES, HOWEVER, THERE IS CONSIDERABLE CONFUSION OVER JUST WHERE WE NOW STAND WITH RESPECT TO US DEFENSE BUDGET, ALONG WITH SOME GATHERING CONCERN THAT END RESULT OF DEFENSE BUDGET CONTROVERSY MAY WELL BE THAT US WILL NOT MEET ITS COMMITMENT TO INCREASE SPENDING FOR NATO BY 3 PERCENT IN REAL TERMS. CONFUSED AND SOMETIMES UNHELPFUL NEWS STORIES ARE SERVING TO GENERATE LOCAL DOUBTS.

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3. THE SITUATION HERE IS NOT SERIOUS AS YET, BUT THERE IS BEGINNING TO BE DISCUSSION OF IT AMONG MY COLLEAGUES. THE POINT HAS BEEN MADE TO ME THAT, IF IT SHOULD BECOME APPARENT THAT US WOULD NOT MEET 3 PERCENT GOAL, THIS COULD EASILY SET OFF CHAIN REACTION AND CAUSE OTHER NATO MEMBERS TO RELAX THEIR EFFORTS, ON LONG-TERM DEFENSE PROGRAM AS WELL AS ON ANNUAL BUDGET INCREASE TO

WHICH THE MEMBERS HAVE COMMITTED THEMSELVES. I HAVE ACCORDINGLY HAD SEPARATE APPROACHES SUGGESTING THAT I SPEAK TO THE QUESTION OF THE US DEFENSE BUDGET AT SEPTEMBER 12 PERMREPS LUNCHEON WHICH WILL KICK OFF THE FALL SEASON. SYG LUNS YESTERDAY TOOK OCCASION TO SUGGEST USEFULNESS OF MY SAYING SOMETHING ABOUT THE US DEFENSE BUDGET AT NEXT TUESDAY'S LUNCHEON.

4. I THINK IT WOULD BE A GOOD IDEA. IT WOULD NOT BE DIFFICULT FOR ME TO STRESS THE USUAL CAVEATS AGAINST JUMPING TO FINAL CONCLUSIONS ON US ACTION FROM ANY ONE POINT OR STAGE IN OUR COMPLICATED BUDGETARY PROCESS AND TO EMPHASIZE THE FUNDAMENTAL REALITY OF THE IMPRESSIVE NATO IMPROVEMENTS WE ARE EFFECTING. IT WOULD ALSO BE HELPFUL, OF COURSE, IF I COULD COUPLE THIS WITH STRONG AND INFORMED STATEMENTS REGARDING STATE-DEFENSE INTENTIONS RE NEXT STAGES OF HANDLING DEFENSE BUDGET NOW THAT VETO HAS BEEN SUSTAINED. I WOULD BE GRATEFUL FOR ANY INFORMATION I COULD BE FURNISHED WHICH I COULD USE TO REASSURE NAC COLLEAGUES AND WHICH WOULD SERVE THROUGH THEM TO DAMPEN NEGATIVE SPECULATIONS IN CAPITALS WHICH COULD LEAD TO NEGATIVE DECISIONS.BENNETT

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